

RESOLUTION NO 8 OF 2003

FOREIGN SERVICE DISPENSATION FOR OFFICIALS SERVING IN THE REPUBLIC OF SOUTH AFRICA MISSIONS ABROAD

1. OBJECTIVES OF NEW FOREIGN SERVICE DISPENSATION (FSD)

1.1 The main objectives of the new FSD is to provide the foreign service officials with a working tool and create conditions that will facilitate a better working environment. To this end the new FSD will ensure the following:

1.1.1 That the allowances of the officials are distributed adequately and that the computation of such allowances is done with an objective to avoid disparities that existed in the past;

1.1.2 foreign service officials who are at the same pay level receive the same pay; and

1.1.3 that equity is restored in the conditions of service and benefits enjoyed by the Foreign Service officials who operate at the same level in various missions abroad.

2. SCOPE OF APPLICATION

This agreement applies to the employer and employees who -

2.1 serve in a foreign country at a mission of the Department of Foreign Affairs.

3. DEFINITIONS

- 3.1. The *Minister of Foreign Affairs* means the Minister of Foreign Affairs or her or his delegate.
- 3.2. An *eligible employee* means an employee who is eligible for the FSD.
- 3.3. A *dependant* means a dependant spouse or child of an eligible employee.
- 3.4. *Dependant spouse* means a spouse of an eligible employee who is not
- 3.4.1 engaged in full-time paid employment or
 - 3.4.2 eligible for the FSD.
- 3.5. *Dependant child* means a biological or adopted child or a stepchild for whose care the employee is legally responsible and who is -
- 3.5.1 under 18 years of age, or
 - 3.5.2 under 23 years of age and engaged in full-time study, or
 - 3.5.3 unable to attend a normal school or obtain reasonable full-time paid employment due to physical disabilities.
- 3.6. *Single employee* means:-
- 3.6.1 an employee who has no spouse or dependant children, or
 - 3.6.2 an employee whose spouse or dependant children do not, for a period of over 60 days and/or half of the employee's period of service, live in the country where she or he normally works.
- 3.7. A *difficult: post* means a post that the employer has classified in terms of Category II, III or IV.

4. PRINCIPLES OF THE FSD

- 4.1. The purpose of the FSD is to enable an employee appointed in a foreign service mission to perform a service and maintain a standard of living commensurate with the image which the RSA Government wishes to project abroad. This is governed by the following principles –
- 4.1.1. Reimburse an official for:
 - (a) the actual cost of relocating her/his household;
 - (b) additional expenses incurred by her/him in regard to the adequate schooling of her/his dependent child/ren;
 - (c) the cost of maintaining family ties
 - (d) the cost of maintaining contact with the South African way of life; and

(e) the additional cost of medical and related services.

4.1.2. Provide an official with dwelling and work facilities to enable her/him to operate effectively as a representative of the RSA abroad.

4.1.3. Compensate an official for living abroad and for additional costs incurred by her/him to generally function at the required level.

4.1.4. Reimburse an official for direct expenses incurred in the performance of specific official duties abroad.

4.1.5. Provide special measures or facilities to meet extraordinary needs such as -

(a) difficult conditions abroad which the employee or her/his family are exposed to;

(b) death or serious illness of an official or her/his family members; and

(c) evacuation of an official and her/his household in an emergency.

5. **CONDITIONS OF SERVICE**

5.1. Benefits and privileges will be provided for in terms of Annexure A of this agreement.

5.2. Notwithstanding the conditions of service afforded to officials serving abroad in terms of this agreement, other relevant conditions of service which are applicable in the public service shall apply.

5.3. A “phased-in approach” be followed that those employees who receive a negative adjustment in the allowances and benefits in terms of the new FSD, will retain their allowances and benefits on a personal basis in terms of the old FSD for the period they are attached to the particular mission. Once these employees are transferred back to Head Office in the RSA and are again transferred to a mission or transferred directly to another mission, they shall be compensated in terms of the new FSD. Should the Minister of Foreign Affairs adjust the benchmark of the Cost of Living Allowance for the new FSD, after date of implementation of the new FSD, with the result that the allowance/benefits payable to employees still compensated in terms of the old FSD now become more favourable, such employees will translate to the new FSD with effect from the date of adjustment.

5.4. Employees who receive a positive adjustment in allowances and benefits in terms of the new FSD, on date of implementation, will be translated to the new FSD.

5.5. New appointees to foreign missions, including employees transferred to another foreign mission, will be appointed in terms of the new FSD.

5.6. This agreement replaces PSCBC Resolution No 9 of 2002 and any other previous agreements and arrangements regarding the Foreign Service Dispensation.

6. DURATION OF AGREEMENT

This agreement shall remain in force until the parties decide otherwise.

7. DISPUTE RESOLUTION

Any dispute about interpretation or application of this agreement shall be dealt with according to the dispute resolution procedure of the PSCBC.

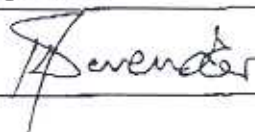
8. IMPLEMENTATION DATE OF THIS AGREEMENT

This agreement shall be implemented with effect from 1 December 2003.



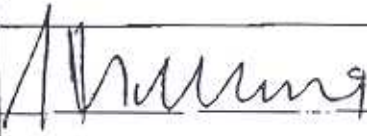
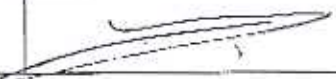
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ENTERED INTO AND SIGNED AT Pretoria ON THIS THE
28 DAY OF November 2003.

ON BEHALF OF THE STATE AS EMPLOYER

	Name	Signature
State as Employer	KENNY GOVENDER	

ON BEHALF OF TRADE UNION PARTIES

Trade Union	Name	Signature
DENOSA		
HOSPERSA/NUPSAW		
NAPTOSA	D. N. BAZI	
NEHAWU	THEMBAZILE SIKO	
POPCRU		
PSA	HN DE CERCE	
SADTU		
SAPU	L. Steenkamp	

SUMMARY OF RECOMMENDED CHANGES TO THE FOREIGN SERVICE DISPENSATION

CURRENT FSD	NEW FSD
<div data-bbox="129 472 658 1011" style="border: 1px solid black; padding: 5px;"> <p>RSA Salary</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> </div> <div data-bbox="689 472 1406 999" style="margin-left: 20px;"> <p>} Paid in Rand in the RSA</p> <ul style="list-style-type: none"> - Plus Home Owner Allowance - Minus general deductions (pensions medical aid, etc.) - Minus tax on overtime remuneration. - Minus tax on Cryptographic Allowance. - Minus tax on service bonus. - Minus tax on salary and Home Owner Allowance. </div>	<p>Paid in terms of the current FSD</p> <p>1.1 Taxable in the same manner as for all RSA public servants.</p> <p>1.2 In the case of senior managers and senior professionals, the relevant existing prescripts in terms of the inclusive flexible remuneration package system (SMS = Senior Management Service) apply w e f 1 January 2001.</p>
<div data-bbox="129 1129 658 1398" style="border: 1px solid black; padding: 5px;"> <p>Station Allowance (SA)</p> <p>RSA norm amount R118 908 converted by IERF to foreign currency (FC) amount for each mission. Amount for each official depends on applicable percentage between 100% of norm amount. In practice 50% is the lowest applied.</p> </div> <div data-bbox="730 1251 985 1337" style="margin-left: 20px;"> <ul style="list-style-type: none"> - Paid in FC abroad. - Not taxable. </div>	<p>2.1 Station Allowance and Representation Allowance to be replaced by COL Allowance (COLA) in the form of a fixed amount in the applicable foreign currency for each country linked to the standard grade levels. The COLA amount for each level will be computed as follows:</p> <p>(a) The net take home pay value applicable to each level in USA \$ in the USA using ECA information.</p>

CURRENT FSD		NEW FSD
<div data-bbox="129 188 660 550" style="border: 1px solid black; padding: 5px;"> <p>Representation Allowance (RA)</p> <p>RSA norm amount R28 020 converted by IERF to FC amounts for each country. Differentiating between HOM, officials provided with representation equipment and other officials – also married/single. (Amount depends on applicable percentage between 170% and 70% of norm amount. In practice 180% is applied to heads of the four largest missions.)</p> </div>	<ul style="list-style-type: none"> – Paid in FC abroad. – Not taxable 	<ul style="list-style-type: none"> (b) Calculate the USA \$ value of the RSA net package value for each grade level. (c) Subtract (b) from (a) in the case of each grade level to obtain the COLA key norm amount in USA \$ for each grade level. (d) To determine COLA amounts for all countries, convert the COLA USA \$ key amounts to the applicable foreign currency using IERF based on RSA COLI ratios with Washington, DC = 100 combined with corresponding fixed exchange rates. (e) Determine rates for single officials by subtracting 7,5% from the above USA \$ norm amounts. (f) Maintain COLA amounts by annual recalculation and periodic checking of the effect of factors such as increases in RSA pay and exchange rate fluctuations. <p>2.2 Subject to Income Tax Act, 1962, as amended.</p>
<div data-bbox="129 989 660 1264" style="border: 1px solid black; padding: 5px;"> <p>Service Bonus</p> <p>93% of monthly salary of SA official.</p> </div>	<ul style="list-style-type: none"> – Paid in FC abroad – Taxable on the normal Service Bonus that an official would have received in South Africa. (Percentage increased from 93% to 100% with effect from 1 July 2000.) 	<ul style="list-style-type: none"> 3.1 Pay in RSA Rand in the same manner as other public servants. 3.2 Taxable in the normal manner as for all RSA public servants. 3.3 Calculated at 100% of the basic salary (excluding any allowance, whether it is pensionable or not) of the employee for the month in which his/her service bonus pay date falls and in terms of the existing prescripts in this regard.
<div data-bbox="129 1407 660 1522" style="border: 1px solid black; padding: 5px;"> <p>Cryptographic Allowance</p> <p>Derived by formula from SA</p> </div>	<ul style="list-style-type: none"> – Paid in FC abroad. – Not taxable. 	<ul style="list-style-type: none"> 4.1 Pay in RSA Rand in the same manner as other public servants.

CURRENT FSD	NEW FSD
	4.2 Taxable in the normal manner as for all RSA public servants.
<div data-bbox="129 336 658 454" style="border: 1px solid black; padding: 5px; display: inline-block;"> <p style="text-align: center;">Overtime pay</p> <p>Derived by formula from SA,</p> </div> <ul style="list-style-type: none"> - Paid in FC abroad. - Not taxable. 	<p>5.1 Pay in RSA Rand in the same manner as other public servants.</p> <p>5.2 Taxable in the normal manner as for all RSA public servants.</p>
<div data-bbox="129 571 658 783" style="border: 1px solid black; padding: 5px; display: inline-block;"> <p style="text-align: center;">Children's Allowance</p> <p>RSA norm amount R5 400 1st and 2nd child – then 10% less down to 50% for the 7th and further. Converted by IERF to FC amounts for each country.</p> </div> <ul style="list-style-type: none"> - Paid in Rand for children in the RSA. and in FC abroad for children with parent(s) abroad. - Not taxable. 	<p>6.1 The element to be renamed Child Allowance and the existing basis to be replaced by the payment of the same amount for each eligible child. The Child Allowance amount will be derived from a hard currency amount of \$2 244 per child accompanying the official abroad and applicable foreign currency amounts for each country will be determined by applying the COLA IERF with Washington DC = 100. In the case of an eligible child who remains in the RSA the initial amount will be R6 792 and this will be maintained based on the RSA CPI.</p> <p>6.2 Subject to Income Tax Act, 1962, as amended.</p>
<div data-bbox="129 1054 658 1267" style="border: 1px solid black; padding: 5px; display: inline-block;"> <p style="text-align: center;">Assistance to purchase diplomatic equipment</p> <p>RSA norm amounts. Dip. list R6 850. Not Dip. list R4 110. converted by IERF to FC amounts for each country</p> </div> <ul style="list-style-type: none"> - Paid in Rand in the RSA or in FC abroad - Not taxable 	<p>7.1 This element falls away but a facility is created allowing an official, on first transfer abroad, an advance of COLA up to a maximum limit, to assist her/himself to go abroad (in combination with the transfer lump sum for incidentals)</p> <p>7.2 Advance on the COLA should not be exempt from tax applied to the full COLA amount.</p>

CURRENT FSD		NEW FSD
<p style="text-align: center;">Clothing grants</p> <p>RSA norm amount R4 794. Differentiated married /single and for climatic conditions. Converted by IERF to FC amounts for each country</p>	<ul style="list-style-type: none"> - Paid in Rand in the RSA or in FC abroad - Not taxable 	<p>8.1 This element falls away but a facility is created allowing an official, on first transfer abroad, an advance of COLA up to a maximum limit, to assist her/himself to go abroad (in combination with the transfer lump sum for incidentals)</p> <p>8.2 Subject to Income Tax Act, 1962, as amended.</p>
<p style="text-align: center;">Special Station Allowance (SSA)</p> <p>Between 3% and 15% of norm SA for mission for hardship factors</p>	<ul style="list-style-type: none"> - Paid in FC abroad - Not taxable 	<p>9.1 This allowance is replaced by a Difficult Post Additional Cost Allowance (DPACA) in the form of norm USA \$ amounts derived from an appropriate Rand norm key amount converted to USA \$ using a suitable fixed exchange rate. The USA \$ norm amounts are converted to the applicable foreign currency for each country by using appropriate USA \$/foreign currency fixed exchange rates. On the basis of difficult conditions, missions are classified into four categories with the following percentages of norm amounts linked thereto:</p> <p>I - 0%, II - 100%, III – 150% and IV – 200%. The norm amounts for each mission are differentiated based on the position of the official as follows: Unaccompanied – 100%, accompanied by one dependant – 150% and accompanied by more than one dependant – 180%.</p> <p>9.2 Subject to Income Tax Act, 1962, as amended.</p>
<p>Occupational specific payments or other general payments not dealt with separately</p>	<ul style="list-style-type: none"> - Paid in Rand in the RSA - Taxable in the normal manner as for all RSA public servants 	<p>10. Not affected by FSD recommendations</p>

CURRENT FSD	NEW FSD
<div data-bbox="129 244 658 392" style="border: 1px solid black; padding: 5px;"> <p>Reimbursement of schooling expenses</p> <p>Up to 90% of tuition fees where suitable normal schooling is not available</p> </div> <ul style="list-style-type: none"> - Paid in FC abroad - Not taxable 	<p>11.1 As at present but up to 100% of tuition fees based on norm schools and, in lieu thereof, deduction of a norm RSA Rand amount from salary</p> <p>11.2 Payment of boarding school costs limited to a norm maximum if an official chooses to have her/his child educated in the RSA or if there is no suitable school at the mission location, in which case Child Allowance is not payable in respect of the child concerned.</p> <p>11.3 Subject to Income Tax Act, 1962, as amended.</p>
<div data-bbox="129 691 658 871" style="border: 1px solid black; padding: 5px;"> <p>Payment to assist with cost of importing a car</p> <p>Duty and taxes up to prescribed maxima linked to salary bands on return to RSA</p> </div> <ul style="list-style-type: none"> - Paid in Rand in the RSA - Not taxable 	<p>12. Not changed by revision recommendations</p>
<div data-bbox="129 991 658 1198" style="border: 1px solid black; padding: 5px;"> <p>Transfer costs</p> <p>Actual cost of translocating house-hold is paid plus a lump sum for incidentals of 35% of the monthly amount of the norm SA when transferred abroad</p> </div> <ul style="list-style-type: none"> - Paid in Rand in the RSA or in FC abroad depending upon where the expenditure is incurred - Not taxable 	<p>13.1 Not changed except for the lump sum for incidentals which will be replaced by amounts based on a percentage of the monthly COLA amount linked to grade level 11 and differentiated as follows: single/unaccompanied – 18%, accompanied by one dependant – 30% and accompanied by more than one dependant – 42%</p> <p>13.2 Subject to Income Tax Act, 1962, as amended.</p>
<div data-bbox="129 1350 658 1465" style="border: 1px solid black; padding: 5px;"> <p>Entertainment expenses for approved entertainment are reimbursed</p> </div> <ul style="list-style-type: none"> - Paid in FC abroad - Not taxable 	<p>14. Not changed by revision recommendations</p>

CURRENT FSD	NEW FSD
<div data-bbox="129 244 658 392" style="border: 1px solid black; padding: 5px;"> <p>Subsistence Allowance is paid at a prescribed rate when an official performs official duty away from the mission</p> </div> <ul style="list-style-type: none"> - Paid in Rand in the RSA or in FC abroad depending upon where the duty is performed - Not taxable 	<p>15.1 Not changed by revision recommendations except that it is proposed that ECA information should be used to calculate allowance amounts for various countries from a hard currency (USA \$) departure point as in the case of COLA. The matter will have to be dealt with by DPSA as FSD amounts are derived from amounts applicable to the Public Service generally.</p> <p>15.2 Subject to Income Tax Act, 1962, as amended.</p>
<div data-bbox="129 635 658 783" style="border: 1px solid black; padding: 5px;"> <p>Kilometre tariffs for the use of private vehicles for official purposes are paid in accordance with prescribed rates to reimburse officials</p> </div> <ul style="list-style-type: none"> - Paid in FC abroad - Not taxable 	<p>16. Not changed by revision recommendations except that it is proposed that the amounts laid down by DFA be checked by DFA</p> <p>16.2 Taxable in terms of the latest developments with the Budget for 2003/04 as provided by National Treasury.</p>
<div data-bbox="129 903 658 1082" style="border: 1px solid black; padding: 5px;"> <p>Provision of accommodation Furnished accommodation, rates and taxes and customary utilities are paid for by the State</p> </div> <ul style="list-style-type: none"> - Provided free of charge to the official - Not taxable 	<p>17. Not changed by revision recommendations except that proposals relating to the efficient management of dwelling accommodation are made by DFA.</p>
<div data-bbox="129 1200 658 1409" style="border: 1px solid black; padding: 5px;"> <p>Home Owner allowance Payable as for officials in the RSA and may be continued as long as occupied by dependants or if vacated by them, for six months</p> </div> <ul style="list-style-type: none"> - Paid in Rand in the RSA - Taxable in the normal manner as for all RSA public servants 	<p>18. Not changed by revision recommendations</p>

CURRENT FSD		NEW FSD
<p>Car loans may be granted interest-free to officials below the rank of Asst. Director. Maximum loan (and purchase) amounts are determined for each country based on a low-priced car. Repayment is over a maximum of 36 months</p>	<ul style="list-style-type: none"> - Loan payments are in FC direct to the dealer - Taxable as a fringe benefit 	<p>19.1 Car loans to be replaced by secured advances of COLA in the case of an official's first transfer abroad limited to a maximum of 23% of COLA payable over the first three years of an official's tour of duty abroad and further limited to an overall maximum of 23% of the COLA amount payable to an official on grade level 8. The advance may only be granted within the first three months after assuming duty abroad and will initially be limited to officials who qualify for car loans in terms of the existing FSD measures</p> <p>19.2 As an alternative it is recommended that consideration be given to the creation of a 'working capital' car loan account based on the Canadian model (financial management system/loan facilitation system)</p> <p>19.3 Advance on the COLA subject to Income Tax Act, 1962, as amended.</p>
<p>Motor Finance Scheme for Senior Officers (MFS)</p> <p>Foreign service officials are excluded from participation in the MFS</p>	<ul style="list-style-type: none"> - Taxable in the normal manner as a fringe benefit in the case of RSA officials who participate 	<p>20. Overtaken by SMS prescripts.</p>
<p>Medical assistance</p> <p>The normal measures apply, but the State, within limits, pays the difference between the actual cost of services and the benefits paid by the official's medical aid scheme. The official is also compensated for expenses necessarily incurred to get medical services elsewhere</p>	<ul style="list-style-type: none"> - The currency used for reimbursement depends upon where the expenses were incurred - Normal tax arrangements apply 	<p>21. Not changed by revision recommendations but proposals made to improve administration</p> <p>Note:</p> <p>The medical aid benefits in the Public Service are currently being restructured and the medical provisions applicable in terms of the FSD will be addressed during this process as per the recommendation.</p>

CURRENT FSD	NEW FSD
<div data-bbox="129 300 658 608" style="border: 1px solid black; padding: 5px;"> <p>Special travelling and leave privileges are granted to officials based on a classification of missions into five groups. Travelling privilege frequency and destination and days of special leave are differentiated on geographic and living condition factors. Provision is also made for travel privileges for compassionate purposes</p> </div> <ul style="list-style-type: none"> - Travelling expenses of the official and her/his dependants are reimbursed in the currency in which they were incurred - Not taxable 	<p>22.1 The existing measures are replaced by a rationalised basis with mission being classified into four categories – the same as those determined for purposes of Difficult Post Additional Cost Allowance. The following number of travelling privileges (limited to the cost of air tickets at the most economical rate from the mission to Johannesburg) for the official and her/his eligible dependants are linked to each category during a standard four year duty tour:</p> <p style="padding-left: 40px;">I – one TP, II – two TP, III – four TP and IV – seven TP. Only actual travelling costs are paid for and no subsistence</p> <p>22.2 All special leave linked to travelling privileges falls away and in the place thereof reasonable time off may be granted based on a geographical location and travelling difficulty classification of missions with two days, four days and six days of time linked to these classes.</p> <p>22.3 The special travelling privileges are subject to Income Tax Act, 1962, as amended and the leave privileges will be dealt with in line with the existing prescripts.</p>
<div data-bbox="129 1145 658 1385" style="border: 1px solid black; padding: 5px;"> <p>Travelling privileges for children are granted i.r.o. dependent, unmarried children who because of education or disability are maintained elsewhere. Basically two privileges per year are granted</p> </div> <ul style="list-style-type: none"> - The travel expenses of children are reimbursed in the currency in which they were incurred - Not taxable 	<p>23. Not changed by revision recommendations but the rules governing granting of travelling privileges will be rationalised with expenditure being limited to the cost of an air ticket.</p> <p>23.1 The special travelling privileges for children are subject to Income Tax Act, 1962, as amended.</p>

CURRENT FSD		NEW FSD
<p>Classes of air travel are prescribed and depend on the rank/diplomatic position of the official and the nature/purpose of travel</p>		24. Not changed by revision recommendations
<p>Special measures e.g. relating to emergency evacuation and wartime conditions are determined on an ad hoc basis on the recommendation of the PSC/DPSA and Department of State Expenditure</p>	<ul style="list-style-type: none"> - The nature of measures determine the currency of payment where payments are involved - Taxability would depend upon the type of measures applied 	26.1 To provide for this need a general authorisation of the DFA to take steps and apply measures to ensure the safety of officials and to, as far as is reasonably possible, secure officials against personal losses is proposed. This measure is subject to reporting to controlling departments and, where necessary, obtaining ex post facto approval.
<p>Conditions of service not dealt with separately are the same as for other officials stationed in the RSA (e.g. career incidents such as merit assessment, promotion and discharge and general service conditions such as pensions and workmen's compensation)</p>	<ul style="list-style-type: none"> - Where any payments are involved they are in Rand in the RSA - The normal tax arrangements apply 	27. Not effected by FSD revision amendments.

GENERAL RECOMMENDATIONS OF AN IMPORTANT NATURE

1. That appropriate criteria be applied for purposes of this and future revision of the FSD.
2. That a clear purpose as formulated in the report be approved for the FSD.
3. That the ECA COLI is used.
4. That the DFA should have the power to determine what foreign currencies should be used for FSD payments within a policy framework.

5. That the employer should not involve itself in the purchasing priorities of officials.
6. That dependency be clearly defined for purposes of application of FSD elements.
7. That general measures governing COLA advances be laid down and taxation be dealt with in terms of the amended Income Tax Act, 1962.
8. That appropriate arrangement for the co-ordinated development and application of the FSD be approved.
9. That FSD prescripts be rationalised and set out in a single document issued by the DPSA.
10. That guidelines be established for the development of dispensations for officials other than Foreign Service officials stationed abroad.
11. That the payment of Cryptographic Allowance for Foreign Affairs Assistants serving in the RSA be placed on the basis applicable to those serving abroad.
12. That the SA Reserve Bank open authority be extended taking into account that an official's RSA remuneration forms part of his total FSD package.